

**TESTIMONY OF  
Chad Wable, FACHE  
President & CEO  
Saint Mary's Hospital  
BEFORE THE  
APPROPRIATIONS COMMITTEE  
Thursday, March 11, 2010**

**Governor M. Jodi Rell's March 1, 2010 Deficit Mitigation Plan For Fiscal Year 2010**

Thank you for the opportunity to submit this testimony regarding the Deficit Mitigation Plan for this fiscal year. At Saint Mary's Hospital, we can certainly understand the challenges facing the Governor and legislature. It was just a few short years ago that Saint Mary's was in very difficult condition financially.

When faced with a looming fiscal crisis, Saint Mary's took aggressive measures that included workforce reductions, rigorous expense control, and focused investment in key strategic initiatives. As a result of these actions, Saint Mary's has been able to "right the ship" and has had three years of positive, stable financial performance, despite finding ourselves in the same dismal environment as the rest of the state. The key to our success was to make appropriate cuts that improved efficiency while preserving our core services. Of course, the challenges are far from over, and we find ourselves in a permanent "new reality" in which constant vigilance and financial discipline are the norm.

Having already navigated through these treacherous financial waters, Saint Mary's strongly opposes the devastating payment reductions to hospitals and imposition of a tax on hospital revenues included in the Governor's deficit mitigation plan. Simply stated, the cuts proposed are unsustainable and would jeopardize Saint Mary's ability to continue to serve the Greater Waterbury community.

The plan includes cuts to Medicaid rates, cuts to Urban DSH funds, elimination of non-emergency dental services, restrictions in the definition of medical necessity, and the imposition of co-payments under Medicaid, at an overall cost of \$70 million to Connecticut's hospitals for SFY 2010-2011.

In addition, the Administration's inaction in implementing the current SAGA budget as planned – and as required by statute – results in another \$108 million cut to hospitals and has the additional impact of eliminating \$41 million that would have come to Connecticut hospitals through increased Medicare DSH payments.

The overall impact of the changes the Governor has proposed for hospitals totals \$219 million.

The deficit mitigation plan also includes the imposition of a tax on hospital revenues, totaling approximately \$130 million. As Congress and President Obama work to enact significant healthcare reform and reduce the cost of care, a tax on hospitals is counterproductive as it will increase Connecticut's healthcare costs and increase the already onerous cost shift onto Connecticut businesses.

For Saint Mary's, the proposed reductions will mean a cut of nearly \$7 million, creating a budget shortfall that will be impossible to fill. In the face of the prolonged recession, as unemployment has soared and record numbers of people have found themselves uninsured or on Medicaid, we continue to provide care to all 24 hours a day, 7 days a week, regardless of patients' ability to pay.

It simply makes no sense to cut Medicaid payments and impose a tax on hospitals at a time when Congress has given unprecedented Medicaid funding increases to states. Under the stimulus bill, Connecticut will get more than \$1.74 billion in increased federal funds to provide care for our most vulnerable populations. This infusion should be used to maintain eligibility and coverage, and help bring provider rates closer to covering the actual cost of care. Instead, the Governor is proposing to reduce hospital funding by \$219 million.

In addition, while the Rell Administration has not taken the steps necessary to implement the SAGA waiver as directed by the legislature, the biennial budget passed in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid effective January 1, 2010. The funds necessary to raise hospital SAGA rates to Medicaid have been appropriated and will be matched with or without a waiver. We urge you to insist that DSS pays hospitals in accordance with the biennium budget at the Medicaid rate for SAGA and finally put hospitals on par with all other providers to the SAGA program.

We strongly urge rejection of the proposed cuts and hospital tax, and immediate implementation of the SAGA rates funded in the biennial budget.